

Message Text

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ACTION SY-05

INFO OCT-01 ARA-06 ISO-00 SYE-00 FS-01 ABF-01 /014 W
-----012228 099139 /73

P 012100Z MAR 77
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC PRIORITY 3641

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DEPT FOR BF/FS, A/SY/SAS AND ARA

EO 11652: NA
TAGS: ASEC, AFSP, AFIN
SUBJ: FSLE MALFEASANCE

1. SUMMARY. WHILE REVIEWING END-OF-MONTH ADVANCES TO GOVERNMENT CASHIERS ON 2/28/77, USDO DISCOVERED DISCREPANCY OF 115,000 PESOS (US \$5,873.00). ENSUING CONVERSATION BETWEEN USDO AND FSLE CASHIER (PETER ROBERTS) RESULTED IN ADMISSION BY FSLE THAT HE HAD BORROWED MONEY BUT PLANNED TO RETURN IT. RSO INTERVIEWED AND TOOK SWORN STATEMENT FROM FSLE ON SAME DATE AT WHICH TIME FSLE ADMITTED TO "BORROWING" 115,000 PESOS DURING THE PERIOD OF SEPTEMBER THROUGH DECEMBER 1976. FSLE ALSO ADMITTED TO HAVING BORROWED 5,000 PESOS IN MARCH 1976 WHICH HE REPLACED IN TWO INSTALLMENTS IN APRIL AND MAY 1976. ROBERTS FURTHER DISCLOSED THAT ANOTHER FSLE CASHIER, LUIS GONZALEZ, HAD "BORROWED" MONEY DURING THE PERIOD SEPTEMBER THROUGH DECEMBER 1976 BUT HAD REPAID IT IN DECEMBER 1976. SECURITY CLEARANCES FOR ROBERTS AND GONZALEZ HAVE BEEN REVOKED, ROBERTS HAS BEEN TERMINATED FOR CAUSE, AND GONZALEZ HAS BEEN SUSPENDED PENDING FURTHER INVESTIGATION. INTERNAL PROCEDURES HAVE BEEN TIGHTENED TO PRECLUDE RECURRENCE OF THIS PROBLEM.

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END SUMMARY.

2. WHILE REVIEWING END-OF-MONTH ADVANCES TO GOVERNMENT CASHIERS, USDO DISCOVERED DISCREPANCY OF 115,000 PESOS (US \$5,873.34). USDO QUESTIONED PETER ROBERTS, FSLE CASHIER, CONCERNING DISCREPANCY AT WHICH TIME HE WAS UNABLE TO EXPLAIN THE DISCREPANCY. UPON FURTHER QUESTIONING BY USDO

ROBERTS ADMITTED THAT HE HAD "BORROWED" THE MONEY BUT PLANNED TO PAY IT BACK.

3. ON THE SAME DATE RSO INTERVIEWED AND TOOK A SWORN STATEMENT FROM ROBERTS. ROBERTS ADMITTED TO HAVING "BORROWED" 115,000 PESOS FROM EMBASSY FUNDS BUT STATED THAT HE HAD PLANNED TO REPAY THE AMOUNT IN INSTALLMENTS OF 5,000 PESOS PER MONTH BEGINNING IN MARCH. ROBERTS STATED THAT HE BEGAN "BORROWING" THE MONEY IN SEPTEMBER 1976 AND CONTINUED DOING SO THROUGH DECEMBER 1976. ROBERTS ALSO CONFESSED TO HAVING "BORROWED" 5,000 PESOS IN MARCH 1976 BUT CLAIMS TO HAVE REPAID THE AMOUNT IN INSTALLMENTS OF 2,500 PESOS IN APRIL AND MAY OF 1976.

4. ROBERTS STATED THAT HE WAS ABLE TO COVER UP THE MISSING FUNDS UNTIL THIS TIME BY MANIPULATING THE ACCOUNTING OF CONSULAR SERVICE FEES WHICH WERE DELIVERED TO THE EMBASSY CASHIERS' OFFICE. HIS MODUS OPERANDI CONSISTED OF USING THE ESTABLISHED CUT OFF DATE FOR REPORTING MONTHLY CONSULAR FEE COLLECTIONS (I.E., 20TH OF THE MONTH VIS-A-VIS END OF THE MONTH) TO "BORROW" THE MONEY THAT CAME IN BETWEEN THIS CLOSING DATE AND THE BEGINNING OF THE FOLLOWING MONTH. ROBERTS STATED THAT HE WAS DISCOVERED BECAUSE THE TOTAL AMOUNT HAD FINALLY BECOME TOO LARGE TO COVER UP. (BFO COMMENT: I.E., SUFFICIENT CONSULAR FEES WERE NOT GENERATED BETWEEN THE 20TH AND THE END OF THE MONTH TO COVER THE AMOUNT HE HAD "BORROWED" AND, THEREFORE, HE HAD TO RESORT TO UTILIZING THE FUNDS ADVANCED TO HIM BY THE USDO).

5. ROBERTS IMPLICATED LUIS GONZALEZ CESPEDES IN HIS SWORN LIMITED OFFICIAL USE

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TESTIMONY. ROBERTS STATED THAT IN SEPTEMBER GONZALEZ CONFIDED IN HIM THAT HE WAS SUFFERING FINANCIAL PROBLEMS. ROBERTS COMMENTED THAT HE ADVISED GONZALEZ THAT HE COULD "BORROW" MONEY FROM THE CONSULAR FEE FUNDS BUT THAT IT HAD TO BE REPAID. ROBERTS STATED THAT GONZALEZ "BORROWED" 13,000 PESOS FROM EMBASSY FUNDS IN SEPTEMBER THROUGH DECEMBER 1976 BUT

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REPAID IN DECEMBER 1976 WHEN HE SOLD HIS APARTMENT.

6. ROBERTS STATED THAT HIS ONLY OTHER INFRACTION WAS CASHING HIS PAYCHECK DAYS BEFORE IT WAS NEGOTIABLE. HE ADDED THAT HE HAS NOT TAKEN ANY FUNDS AT ANY TIME OTHER THAN THE OCCASIONS THAT HE HAS ADMITTED TO.

7. ROBERTS HAS ASKED THAT HE BE ALLOWED TO MAKE RESTITUTION. HE HAS EIGHTEEN YEARS' GOVERNMENT SERVICE AND APPROXIMATELY 240 HOURS ANNUAL LEAVE ACCRUED. HE HAD NOT DRAWN AGAINST HIS CONTRIBUTIONS TO THE CIVIL SERVICE RETIREMENT FUND AND ESTIMATES THAT HIS REFUND WOULD BE APPROXIMATELY US \$6,000.

8. ROBERTS HAS BEEN TERMINATED FOR CAUSE EFFECTIVE FEBRUARY 28, 1977 AS WE ARE MAKING ARRANGEMENTS WITH HIM FOR RESTITUTION OF THE MISSING FUNDS. IN VIEW OF HIS INTENT TO MAKE RESTITUTION AND HIS SWORN STATEMENT TO THAT EFFECT, WE DO NOT INTEND TO BRING CRIMINAL CHARGES AGAINST HIM AT THIS TIME.

9. GONZALEZ HAS BEEN SUSPENDED INDEFINITELY UNTIL SUCH TIME AS WE ARE ABLE TO FULLY DETERMINE THE DEGREE OF HIS CULPABILITY. THE SWORN TESTIMONIES OF ROBERTS AND GONZALEZ DIFFER IN SOME IMPORTANT RESPECTS AND THERE EXISTS THE POSSIBILITY THAT GONZALEZ WAS NOT FULLY AWARE OF HIS INVOLVEMENT UNTIL AFTER THE FACT. MOREOVER, IT IS TRUE THAT HE MADE RESTITUTION

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VOLUNTARILY BEFORE THE LOSS WAS DISCOVERED.

10. BUDGET AND FISCAL OFFICER RICHARD WEEKS, DISBURSING OFFICER PATRICIA THURSTON AND WITNESS JUDITH ADAMS COMPLETED AN AUDIT OF THE CASHIER'S ACCOUNT TODAY AND HAVE CONFIRMED THAT THE CURRENT SHORTAGE IN HIS CASHIER ADVANCE IS CHILEAN PESOS 115,000, THE EQUIVALENT OF US \$5,873.34 AT THE RATE OF EXCHANGE CURRENT ON 2/28/77.

11. THIS IRREGULARITY WAS NOT DISCOVERED DURING THE FIVE MONTHS OR SO THAT IT EXISTED BECAUSE A VERY BASIC CONTROL WAS NOT APPLIED; I.E., THE USDO DURING THE SCHEDULED AND

UNANNOUNCED VERIFICATIONS OF THE CASHIER'S ADVANCE ACCOUNT DID NOT COMPARE THE TOTAL AMOUNT ACCOUNTABLE, SHOWN BY THE CASHIER, WITH THAT ACTUALLY ADVANCED. THE COMPARISON HAD BEEN MADE IN THE PAST BUT OMITTED MORE RECENTLY. THE CASHIER, THEN, SIMPLY REPORTED AN ACCOUNTABLE BALANCE WHICH REPRESENTED HIS ADVANCE LESS THE AMOUNT HE HAD "BORROWED." THE USDO IN TURN, ACCEPTED THAT FIGURE AND VERIFIED IT WITHOUT CHECKING HER RECORDS AS TO THE ACTUAL AMOUNT ADVANCED. WE MUST POINT OUT, THOUGH, THAT THE OUTSTANDING CASHIER'S ADVANCE CHANGED FROM DAY TO DAY; I.E., AS ACCOMODATION EXCHANGE REDUCED THE AMOUNT OF PESOS ON HAND, ADDITIONAL FUNDS ARE OBTAINED FROM THE BANK (BY USDO CHECK) AND THE CASHIER'S ADVANCE INCREASED BY AN EQUAL AMOUNT. THEREFORE, THE ADVANCE IS NEVER A STABLE AMOUNT.

12. STEPS EMBASSY HAS TAKEN TO PREVENT FUTURE RECURRENCES (IN ADDITION TO THE TWO PERSONNEL ACTIONS ABOVE):

A. HENCEFORTH, THE USDO WILL COMPARE THE CASHIER'S ACCOUNTABILITY WITH THAT ACTUALLY ADVANCED.

B. THE CUT OFF DATE FOR TURN-IN OF CONSULAR FEES WILL BE CLOSER TO THE END OF THE MONTH; I.E., ABOUT TWO WORKDAYS.

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C. CONSULAR FEES RECEIVED DURING THE LAST TWO WORK DAYS WILL BE TURNED IN TO THE USDO FOR SAFEKEEPING AND HANDED OVER TO CASHIER AFTER BEGINNING OF NEW MONTH.
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